

TRADE

California is the sixth-largest economy in the world,⁸¹ with exported goods and services valued at nearly \$94 billion.⁸² International trade and commerce have fueled the development of the state's diverse industrial base and continue to be essential to California's economic success. To ensure the state's future growth, California must aggressively seek to develop and expand international markets for its goods and services. Since the budget-imposed closure of the state's trade offices in 2003, operators of small and mid-sized businesses in California and abroad have lacked a forum in which to inquire about business opportunities, discuss trade relations and facilitate trade missions.

In accordance with its official recommendation to reopen the trade offices (published in the 2003 Annual Report), the Commission developed an innovative framework to re-establish these services at no cost to state government. Through this arrangement, the Commission has established partnerships with international non-profit organizations designed to support the development of California's trade relationships by providing forums for an ongoing dialogue on economic issues.

The Pacific Rim is home to five of California's top 10 trading partners, and it also is the site of the Commission's first round of non-profit international trade partnerships. The California-China Business Forum-Beijing, the California-Hong Kong Business Forum and the California-Taiwan Business Forum in Taipei all opened in the third and fourth quarters of 2004. They already have fostered business partnerships between companies and educational institutions in California and Asia. These efforts include:

- Official Letters of Intent between San Diego State University and Beijing Renwen University and between San Diego State University and Hebei Normal University of Science and Technology.
- A signed Memorandum of Understanding by San Diego State University, the California-China Business Forum-Beijing and the Thailand-based CP Group.
- Discussions between a Thailand-based business group with operations throughout Southeast Asia and a California-based hospitality company to jointly develop a chain of 20 restaurants.
- An emerging joint venture between a Thailand-based business group and a California conglomerate composed of seafood importers and distributors.
- Negotiations between Thailand- and China-based business groups and a California-based company for major joint venture developments.

In 2005, the Commission will continue its work to expand the California Business Forum public-private partnership concept along the Pacific Rim to reach international markets for California's goods and services. Four states in Mexico are pursuing partnerships with the Commission to open California Business Forums in their regions. Interest in establishing additional Business Forum offices also has been expressed by officials in Australia, Canada, India, Japan and Korea.



Photo Credit: Youssouf Cader

CALIFORNIA'S TOP 10 EXPORT MARKETS, by value (\$billions)*

Country	2003	% of Exports
Mexico	\$14.9	15.8%
Japan	11.8	12.6%
Canada	11.2	11.9%
China	5.5	5.9%
Korea	4.8	5.1%
Taiwan	4.4	4.7%
United Kingdom	4.4	4.7%
Hong Kong	4.2	4.5%
Germany	3.6	3.8%
Netherlands	3.4	3.6%
Other countries	25.7	27.4%
Total Exports**	\$93.9	100%

*Numbers and percentages have been rounded
**Total of exports to all countries

Source: United States
Department of Commerce.

⁸¹ World Bank: World Development Indicators database, April 2004, <http://www.worldbank.org/data/>, July 2004.

⁸² United States Department of Commerce, Office of Trade and Economic Analysis, July 2004, <http://ese.export.gov>.